



## **Introduction and Background of the CDBG Program**

Montana's "Small Cities" CDBG program is a federally funded, competitive grant program designed to help communities of less than 50,000 population with their highest priority community development needs. All CDBG projects must principally benefit low and moderate income persons. The Montana Department of Commerce (Commerce) administers the program under contract with the U.S. Department of Housing and Urban Development (HUD). Commerce's Community Development Division administers the CDBG Housing and Public Facilities categories, and the Business Resources Division administers the CDBG Economic Development category.

## **Federal Budget Update**

Last year, the CDBG Program was funded at \$4.0 billion for federal fiscal year (FFY) 2010 for CDBG formula grants for the nation as a whole (compared to \$3.62 billion for FFY 2009), which included funding for Entitlement communities (communities over 50,000 in population) and the States' CDBG programs. Congress has not yet enacted a budget for FFY 2011, which would include funding for the U.S. Department of Housing and Urban Development.

## **Proposed CDBG Application Deadlines for FFY 2011 and 2012**

To expedite the expenditure of CDBG funds, Montana's CDBG Program conducts the review of Public Facilities and Housing and Neighborhood Renewal grant applications one year ahead of the fiscal year in which funds will be available. Planning Grant and Economic Development grant applications are reviewed and awarded in the same fiscal year in which applications are received.

The proposed application deadlines for the 2011 and 2012 FFY grant competitions are:

- **Economic Development Grants (FFY 2011)**  
Open Cycle  
ED Application Guidelines will be available **February 2011**  
ED Planning Grant Guidelines will be available **April 2011**
- **Housing and Public Facilities Planning Grants (FFY 2011)**  
Applications due **April 15, 2011**
- **Public Facilities Project Grants (FFY 2012)**  
Applications due **May 20, 2011**
- **Housing and Neighborhood Renewal Project Grants (FFY 2012)**  
Applications are due **November 10, 2011**

Draft application guidelines for Economic Development Grants, Housing and Public Facilities Planning Grants, and Public Facilities Project Grants have been posted on Commerce's website at:

Community Development Division: <http://www.comdev.mt.gov/CDBG/default.mcp>

Business Resource Division: <http://businessresources.mt.gov/CDBG/default.mcp> and  
<http://cdbged.mt.gov>

## **Proposed Allocation and Distribution of Funds for FFY 2011 and 2012**

Montana's total allocation of CDBG funds for FFY 2010 was \$7,466,019, an 8.8% increase from the FFY 2009 level of \$6,861,827. CDBG funding for FFY 2011 has not yet been established. The application guidelines for the FFY 2011 and FFY 2012 CDBG programs assume a funding level equal to the 2010 program, until more definitive information is received.

### ***Funding for Housing and Neighborhood Renewal Projects and Public Facilities Projects***

Commerce bases the funding allocation between Housing and Public Facilities upon the demand between the two categories for the previous two years. In this way, the funding reserved for each category can respond to changing demand for CDBG Housing and Neighborhood Renewal grants and CDBG Public Facilities grants over time. Through this method, the amounts allocated between the two categories will change based upon actual past demand; however, the basic method of distribution remains unchanged. The chart below lists the number of Housing/Neighborhood Renewal and Public Facilities applications and the total dollars requested for the last two years.

<b>CDBG APPLICATIONS RECEIVED 2010-2011</b>				
<b>FFY YEAR</b>	<b>HOUSING</b>		<b>PUBLIC FACILITIES</b>	
	<b># OF APPS</b>	<b>TOTAL \$ REQUESTED</b>	<b># OF APPS</b>	<b>TOTAL \$ REQUESTED</b>
2010	5	2,250,000	11	4,831,302
2011	1	450,000	16	7,017,005
<b>Total:</b>	<b>6</b>	<b>2,700,000</b>	<b>27</b>	<b>11,848,307</b>
<b>% of Total Applications</b>	<b>18%</b>		<b>82%</b>	

## **Program Changes for FFY 2011 and 2012**

**Public Facilities & Housing Project Grants:** CDBG funds can be used in combination with other federal, state, or local funds to make basic community infrastructure improvements such as drinking water and wastewater facilities affordable to low and moderate income families. Public facility projects can also include facilities designed for use predominantly by persons of low and moderate income such as county hospitals or nursing homes, senior centers, Head Start centers, or mental health centers. Housing projects can include multifamily and single family rehabilitation, new construction or reconstruction to assist low and moderate income households.

**Proposed Changes:** Updates and edits have been made to Appendix S, Preliminary Architectural Report Guidelines. No other changes are proposed for the CDBG Public Facilities and Housing Project Grant Program.

**Housing and Public Facility Planning Grants:** Commerce proposes to set aside \$250,000 for planning, capacity building, and technical assistance grants to local governments during FFY 2011. The planning grant funds can be used to assist local governments in a wide variety of planning-related activities, including preparation of community growth policies, needs assessments, capital improvements plans, housing studies, and preliminary architectural or engineering plans related to construction of water and wastewater systems or other public facilities. The maximum grant is \$20,000. No changes are proposed for the Housing and Public Facility Planning Grant Program.

### **CDBG Economic Development Program (CDBG-ED)**

**CDBG-ED Planning Grant Projects:** The Community Development Block Grant Economic Development Program will set aside up to \$210,000 for economic development planning, capacity

building, and technical assistance grants from the FFY 2011 program. The Department intends to use the set-aside for activities similar to those funded in recent years, but will establish specific application policies by April 2011. The policies will specify funding priorities, application procedures, and amounts available at that time for each subcategory. Establishing policies in April 2011 will provide flexibility to address specific needs identified at the time federal funding becomes available for the CDBG program. Funds not utilized for this category may be used for regular economic development activities.

**Proposed Changes: Local governments will be required to provide a DUNS number and keep current with their Central Contractors Registration (CCR)**

**CDBG Economic Development Projects:** For 2011, the CDBG Economic Development funds (loans and grants) can be used for a variety of activities to assist a new or expanding business. Typically, these activities include loans for working capital or equipment purchases. Grants may be applied for to improve infrastructure in support of a business or for worker training.

**Proposed Changes: Local governments will be required to provide a DUNS number and keep current with their Central Contractors Registration (CCR)**

### **Public Hearing/Webinar on CDBG Guidelines and Grant Administration Manual**

Written comments may also be submitted to:

**Community Development Division**

**Attention: Gus Byrom**

Montana Department of Commerce

P.O. Box 200523 - Helena, Montana 59620-0523

E-mail: [gbyrom@mt.gov](mailto:gbyrom@mt.gov) Phone: (406) 841-2777 Fax: (406) 841-2771

Program website: <http://comdev.mt.gov/CDBG/default.mcp>

**Business Resources Division**

**Attention: Nancy Guccione**

Montana Department of Commerce

P.O. Box 200505 - Helena, Montana 59620-0505

E-mail: [nguccione@mt.gov](mailto:nguccione@mt.gov) Phone: (406) 841-2744 Fax: (406) 841-2731

Program website: [http://businessresources.mt.gov/BRD\\_CDBG.asp](http://businessresources.mt.gov/BRD_CDBG.asp) or <http://cdbged.mt.gov>

Comments must be received no later than 5:00 p.m., December 27, 2010 in order to be included in the formal hearing record.